

Date: August 15, 2014

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mark D. Ahrendsen, Director of Transportation
Subject: Agenda Item – NCDOT Schedule A and Schedule B Municipal Agreements

Executive Summary

The City of Durham Department of Transportation installs and maintains signs and pavement markings for City streets and State Highway System roads. The City receives cost reimbursements from the N.C. Department of Transportation (NCDOT) through Schedule “A” for the work performed on State road signs and through Schedule “B” for State road pavement markings. The purpose of this agenda item is to request City Council authorization for the City Manager to execute Schedule “A” and Schedule “B” municipal agreements for cost reimbursements for the fiscal year beginning July 1, 2014. Prior agreements expired June 30, 2014. It is recommended that the City Council authorize the City Manager to enter into the two municipal agreements with NCDOT for fiscal year 2014-15, and to execute up to four annual extensions of each agreement for the period ending June 30, 2020. The anticipated annual revenues are \$40,000 for Schedule “A” and \$100,000 for Schedule “B”.

Recommendation

The Department of Transportation recommends that the City Council:

1. Authorize the City Manager to execute municipal maintenance agreements with the NCDOT for: a) Signs and Supports Schedule “A”; and b) Markings and Markers Schedule “B”.
2. Authorize the City Manager to negotiate and execute any extensions, including agreeing to additional compensation or higher reimbursement that may be provided for in such extensions. Extensions may be made in one (1) year increments, incorporating any mutually agreed upon adjustments, with the final year of service ending June 30, 2020.

Background

The City of Durham installs and maintains signs and pavement markings on State Highway System streets. The City has received reimbursement for this work from the NCDOT by authority under G.S. 136-18 and 136-66.1 at rates established by the NCDOT and adopted by the City through Municipal Maintenance Agreements. The reimbursement rates are appropriate and reflect the cost of performing the work and providing the level of service required by the NCDOT on State Highway System streets. In most instances, the City provides a higher level of service than the requirements set by the NCDOT in the municipal

agreements. The State recognizes that municipalities are more aware of local needs and desire to provide residents and businesses with a higher level of service than State resources can provide. Therefore, the City of Durham has provided these services for many years with cost reimbursements as set forth in municipal maintenance agreements. The agreements are typically for five year terms with the most recent agreements expiring June 30, 2014. The City has similar maintenance agreements for traffic signals and the traffic signal system as reflected in Schedule "C" and "D" agreements.

Issues and Analysis

The Department of Transportation has reviewed and updated the reimbursement rates and finds the new rate structure satisfactory. The proposed reimbursement rates generally reflect the actual cost of providing the signs and pavement markings upkeep. Even though the rates do not always completely pay for the City's costs, it is in the City's best interest to continue maintaining State Highway System streets to provide a higher level of service than could otherwise be provided by the State.

The agreements cover fiscal year 2015, but allow for four annual extensions through June 30, 2020. Annual extensions will be contingent upon allocation of funds by the General Assembly and may incorporate mutually agreed upon rate adjustments. The reimbursement rates are set forth in the respective agreements. These are reviewed and adjusted annually by NCDOT to reflect current labor, material and equipment costs.

Alternatives

- Execute new Municipal "A" and "B" agreements – Continue to install and maintain signs and pavement markings on State Highway System streets in accordance with the respective rate schedules. This will allow the City to continue to keep an acceptable level of service regarding traffic control on State Highway System streets.
- Do not execute the new agreements – the City would not install and maintain signs and pavement markings on State Highway System streets and would not receive reimbursement for any work already performed. The level of service regarding traffic control on State streets would be degraded (e.g. damaged signs, faded or dirty signs, worn or nonexistent pavement markings, poorer quality pavement markings, etc.).

Financial Impact

The reimbursement agreements will provide anticipated FY 2014-15 General Fund revenues as reflected in the adopted FY 2014-15 Department of Transportation Traffic Operations budget. The estimated Schedule "A" and Schedule "B" revenues are \$40,000 and \$100,000, respectively. The agreements are written to allow annual unit price adjustments subject to NCDOT available funding for the extended years.

SDBE Summary

Due to the nature of this item, an SBDE summary was not prepared

Attachments

Attachment A – Municipal Agreement for Schedule "A" – Signs and Supports

Attachment B – Municipal Agreement for Schedule "B" – Markings and Markers